



**Address by Mr. Xavier Darcos,
Minister Delegate for Co-operation, Development and
Francophonie,
on the fight against corruption**

**DAC DEVELOPMENT PARTNERSHIP FORUM
IMPROVING DONOR EFFECTIVENESS IN COMBATING CORRUPTION**

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Minister, Ambassadors, Ladies and Gentlemen

The fight against corruption is central to the action of my Ministry. But on a more personal note, I would like to add that for me it is also an integral part of the fight against poverty worldwide.

I have now been Minister for Co-operation, Development and Francophonie for seven months and in the course of my many travels and meetings I have been able to gauge for myself the extent to which the entire international community is embroiled in this issue. It is often referred to in broader terms as “good governance” or “transparency”, but it is all too rare to see this subject courageously addressed as directly as it is in the title of this forum organised by the OECD Development Assistance Committee.

Such frankness is itself a positive factor and one which prompted me to take part in this forum. I would like to extend particular thanks to the DAC for having organised this event. There can be no doubt that the OECD is the Organisation which has made the greatest contribution to the fight against corruption at the international level, and it is important that all of its departments should be involved.

Of course, I am not naïve enough to believe that there is an automatic link between corruption and underdevelopment, or that corruption is peculiar to the developing countries, but it must be acknowledged that it is a major factor in poor management. And development is inconceivable without proper management of resources, both those of States and those of persons or enterprises.

I know that some may dispute this view. But as far as I am concerned, there is no doubt in my mind: corruption amounts to poor management of resources. This is the case not only at the microeconomic level, where it generates daily inefficiencies -- losses that often penalise the poorest -- or by diverting public funds to irrelevant projects; but also at the macroeconomic level when States find themselves deprived of the resources they need to reduce poverty or when countries experience large-scale capital flight into bank accounts. I am sure that Minister Okonjo-Iweala, whose efforts in this area in her home country are well known to all of us, will not disagree with me on the latter point.

Corruption, apart from the economic losses it causes, is also a major factor in the way countries are perceived by others and consequently the level of investment that aid donors and private enterprises are prepared to make. From this standpoint, I take a very positive view of the action of Transparency International to state openly in public what each economic operator feels.

But we must not delude ourselves; corruption is by its very nature difficult to grasp and the statistical reliability of such data is necessarily limited. What is to be feared in particular is the strength of inertia: when a country is badly ranked, it is perceived as being badly managed and its corruption perception index cannot really improve whatever action its authorities may take.

Corruption is also a development challenge in that it hits the poor countries hardest. From this point of view, I should like to emphasize how important it is not to stigmatize Africa, as many uninformed commentators do.

It is true that when a country is underdeveloped, when its institutions are weak and when its politicians and civil servants are badly paid, the breeding ground for corruption is ready-made. But corruption exists at a critical level in every region in the world. In Asia and in America it is also very much alive. The only difference is that in certain African countries with few natural assets, it can be enough to chase away certain investors.

That is why I should like to describe briefly the measures to help combat corruption that are supported by France.

First of all, as I said at the meeting here of the Finance Ministers of the franc zone last September, we support the major international initiatives in this field. I will mention two of these:

- the **Extractive Industries Transparency Initiative (EITI)**, recognised by the G8

This initiative is essential if we are to put an end to the astonishing paradox that the possession of oil and mineral wealth is generally perceived to be a cause of poverty among the people of producer countries, of political instability and even of armed conflict. Through greater transparency, jealousies can to some extent be kept under control, and hence sources of potential instability reduced.

At the meeting last September, the reaction to this initiative was extremely favourable on the part of my colleagues from the African countries in the franc zone, well beyond those which, like Gabon and Congo-Brazzaville, had already signed up to it.

On this occasion, the Congolese Finance Minister reported on the considerable progress on transparency achieved in his country, where all consignments of oil are now posted on the Internet, going well beyond what is required under the EITI initiative.

- **The second important international initiative is NEPAD**

It is planned to set up an innovative peer review mechanism to examine the quality of national governance. At the OECD, we are familiar with the concept of peer reviews, including in the fight against corruption. But in Africa, this is an entirely new idea. I travelled last July to Ghana, where I found the work being carried out in preparation for the peer review to be remarkable. Needless to say, there is no question of creating new institutions, which could be costly, but simply of putting all government departments on a war footing in order to prepare for the peer review.

Apart from these international initiatives, I should like, in conclusion, to give you a few examples of the day-to-day work in my ministry.

First of all, on my arrival, I launched **an initiative in favour of small enterprises, aimed largely at helping them to integrate the formal sector**. For, let us not delude ourselves, if certain enterprises, often large ones, do not pay tax or do not comply with social or environmental legislation, it is not usually because they are unknown to the administration.

This initiative has now become one of the seven priority sectoral strategies for the French Government, and its implementation will be closely linked with another French initiative welcomed by the IMF, the aim of which is to increase the developing countries' tax resources so that they have the means to combat poverty and reduce their dependence on donors.

These actions are not idealistic; the object is not to abolish the informal sector from one day to the next, but rather to target these enterprises which, far from being micro-enterprises, are organised in a structured manner and yet are not quite within the law.

Second example, the involvement of civil society. This is one of the key elements of our co-operation. We intend, for example, to give our embassies extra resources so that they can give local NGO projects more backing. We are also taking numerous steps to strengthen governance – at the level of different countries of course, but also in the context of decentralisation. It is also the case of the debt reduction and development contracts introduced a few years ago, which are France’s latest aid instrument: we are taking care to involve civil society in their implementation.

So you see, Ladies and Gentlemen, that the subject being debated in this forum is indeed of major importance and is entirely transversal. You may be sure that I shall be extremely attentive to the ideas and proposals expressed here.